

TRIBUTE TO THE FIREFIGHTERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama [Mr. BEVILL] is recognized for 5 minutes.

Mr. BEVILL. Mr. Speaker, I rise today to pay tribute during National Fire Prevention Week to all the firefighters who do such an outstanding job protecting their communities. They are dedicated professionals working a dangerous job which requires them to put their own lives on the line while saving others. They are true heroes and we certainly appreciate and respect all of them.

I especially want to recognize the volunteer firefighters who work to protect the rural areas where they live. They face unique challenges and risks in protecting large areas. Frequently, they must deal with a lack of equipment, inadequate water supply and not enough well-trained volunteer firefighters.

As you know, a majority of rural fire departments say that improving the water supply is one of their highest priorities. Studies show that residents living in communities with populations of 5,000 or less are almost twice as likely to die in a house fire than residents in communities of 5,000 or more. Compared to city dwellers, rural homeowners suffer more than twice the property loss from fire each year. It is a major challenge for small communities to provide fire protection for area residents, farms and forests and lack of adequate water supply is one of the main reasons.

As we recognize National Fire Prevention Week, we should look for ways at the local, State and Federal level to strengthen the capabilities of our rural volunteer fire departments.

All levels of government must cooperate to help provide essential rural fire protection.

And, as citizens, we must work together to try to reduce the number of fires our firefighters must deal with. As you know, common sense and personal responsibility can go a long way toward the prevention of fires.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas, (Mr. SAM JOHNSON,) is recognized for 5 minutes.

[Mr. SAM JOHNSON of Texas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. SHAYS] is recognized for 5 minutes.

[Mr. SHAYS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. FRANKS] is recognized for 5 minutes.

[Mr. FRANKS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

SAVING MEDICARE

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from California [Mrs. SEASTRAND] is recognized for 60 minutes as the designee of the majority leader.

Mrs. SEASTRAND. Mr. Speaker, there is good news today. We heard one of the earlier gentlemen tell us that the Committee on Ways and Means voted out our Medicare Preservation Act bill. We are on our way to strengthening and protecting and preserving Medicare.

Besides that good news, one of my colleagues, Mr. SAM JOHNSON, celebrated his 65th birthday today. I know the members of the Committee on Ways and Means congratulated him, and he has come of age now. He is old enough to join millions of other Americans who are on Medicare. I just know that he has not been scared off by many of the criticisms, the things we read about in the headlines and newspaper and we see on television, about attempts that are planned, that the Medicare Preservation Act is heartless and uncaring and so on. The Committee on Ways and Means presented a check for \$4,800 to Mr. JOHNSON. I know he will not be cashing it tomorrow. The point is to let not only he know, but other senior citizens in America today who are also celebrating their birthday with Mr. JOHNSON today, that Medicare is going to be there for them.

That is how much we are going to spend this year alone in Medicare, \$4,800. The good news is in our plan we are going to increase that over the next 7 years to \$6,700. Only can you be in Washington, DC, and so often hear about how we are cutting Medicare, when this is actually an increase.

So what I say to my colleague, Mr. JOHNSON, is happy birthday, and I know that, as I said, we are on our way to preserving and protecting Medicare.

I am going to enter into a conversation with my friend, the gentleman from Minnesota [Mr. GUTKNECHT]. The gentleman also, as I am, is one of those reform-minded freshmen. We came to this House with such hopes and dreams, and we are just plugging away, are we not?

But it is interesting. I was here a few months, and on my desk I found a report in April from the Social Security and Medicare Board of Trustees. I read it, and it said, "If you, Congress," now that is me, I cannot pass the buck, that is me, "if you do not do something about this, we are going to see Medicare go broke."

It is going bankrupt now. I would just like to tell people that I am 54 years old, so I have an interest in this program continuing. My mom is 83. She is probably not going to appreciate my saying that to everyone in the

world today, but she is soon to be 84, come this December. She is a Medicare recipient, and she has those concerns, like many of her friends and many of my friends who are at that age and are concerned about costs of health care and such.

So I remember hearing from my mom when she heard the news on television and reading the headlines, "What are you going to do about this?" So I have been talking to her.

The point I wanted to make about being one of those freshmen, my point is to come here and not be part of the problem that we seem to have had for so many years. Obviously many voters also consider there was gridlock in this House. They wanted to see something done. "Do it, do it now." So I have been doing my best, as well as my colleague, to see to it that we do have some solutions to the problems.

I think my concern over the last several months, whether I go to my town hall meetings or my senior conferences, or as I visited health care facilities, nursing homes convalescent homes, from one end of my district, which incidentally, includes the central coast of California, from Santa Barbara to Paso Robles in the north, it is a very large area, and people are concerned that we are going to do something about it.

So I am hoping as we continue this conversation, we saw the first step taken today to move this legislation through the Committee on Ways and Means, and I hope we can all come together to solve the problem, to preserve and protect it, and put aside all of the rhetoric that we hear, and to assure my 83-year-old mom and her friends and all those people I saw in those health care facilities that are utilizing Medicare right now, that we are going to be there for them and to take the rhetoric out of the situation.

So I would like to ask the gentleman from Minnesota [Mr. GUTKNECHT] if that is what he is hearing from his people? I think we see people, wondering if we are going to do it, "are they really going to reform Medicare?" Some of the other situations, are we going to balance that budget in 7 years, are we going to reform welfare, are we going to give tax relief to our middle-income families?

That is what I am hearing. And they are looking to us, and I am anxious to get on with the situation of passing the legislation and having the discussion with the American people.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentlewoman from California. I would just like to say first and foremost, not only are we both freshmen, but I think we both have parents, and parents are both on the Medicare system. They are concerned. And I am concerned as a good son. I want to make certain that my parents get the health care that they need.

But I think also, I come at this also not only as a freshman and as someone who has parents who are on the Medicare system, but I come at this also as

a parent of teenagers. So there is a generational responsibility I think we have, not only to our parents, but I think we have a responsibility, and a special responsibility, to our kids. For too long here in Washington, politics as usual was "Well, we will try to patch it over and get past the next election, and then we will worry about it and really solve the problem."

I think the message of last November was that "politics as usual" just is not getting the job done. They wanted people to come to Washington and really look at the problem; take off the partisan glasses, if you will, and look at the problem, and try to come up with solutions that will really solve it long-term, so that we save the Medicare system, for example. Not just to get through the next election, but so that we save the Medicare system for the next generation.

I think that is the charge we were given, and I think up to this point, we have responded appropriately.

Let me just read, if I could, a couple of quotes from that report that you alluded to earlier. This has been said before, but I do not think it can be said too often. The trustees said, "Under all sets of assumptions, the trust fund is projected to become exhausted even before the major demographic shift begins."

What that means is the program is going to go bankrupt even before the baby boomers start to retire. That was what they said on page 3.

They went on to say on page 13, "The fact that exhaustion would occur under a broad range of future economic conditions and is expected to occur in the relatively near future indicates the urgency of addressing the HI fund's financial imbalance."

In other words, we have got a serious problem and we need to get busy now about solving it. And the longer Congress waits, the more they sit and twiddle their thumbs and play politics as usual, the worse the problem will become.

To their credit, I think our leadership here in the House and in the Senate have had something like 36 different hearings, talking about the problem and how we got to where we are. In my district, for example, I have had 33 town hall meetings. I do not know about in your district.

Mrs. SEASTRAND. I have had 30 meetings, a senior citizen conference, and one big Medicare briefing at a hospital that brought in 400 people. So we have all been out in the hinterlands talking to our constituents.

I do not know about you, but I find many people are in the state of denial. It was interesting, just other day an editorial in one of my local papers suggested "Let's just raise taxes and take care of the situation. Why are we worried about this and concerning our seniors and everyone else?"

I would just like to remind people, and I can tell you, I am going to be putting in a letter to the editor in re-

buttal to that editorial, that that has been done before. Not too long ago we raised taxes. We can raise taxes until we are blue in the face. Yet the system is broken. It needs to be fixed.

I think this is the important point that we need to get to, the message to our seniors. I do not know about the gentleman, but I found the more people are in opposition to the situation, they are not really understanding what our program is. I think as we talk to people more and more about our program, they seem to say "Well, wait a minute. That isn't what I am reading in the headlines of the newspaper."

I think as we educate people to the situation of what our plan means, Medicare Plus, that we want to give choices, we are going to give increases, I think we are going to take the fears out of our moms and dads. And the gentleman mentioned he has teenagers. I have a 23 and a 25 year old. They are concerned about what the future means. So it is all a matter of education and talking, as we are doing here today, reaching out in our communities, at the town hall meetings, Medicare policy briefings, visiting the nursing homes, as I said before, and trying to get our message out.

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Mr. GUTKNECHT. If I could just join this here, because I really do think the gentlewoman has hit on a very important point, and that is that long-term I believe the facts are our friends. I think the more people get to understand the facts of what we are talking about in terms of where we are now and how we got to where we are now, and the reforms that we are talking about, I think the more people understand the facts of the situation, and I have found in my town meetings where people begin to understand the direction that we are going, we have found less and less resistance and people begin to appreciate it.

When we talk, for example, about what has happened back in Minnesota, where on the public sector side when you are talking about Medicare or Medicaid or medical assistance, we have been seeing, and last year I think we saw in the State of Minnesota about a 10.4 percent inflation rate when you are talking about the public sector side on Medicare and Medicaid and medical assistance. The inflation rate on that side of the equation has been about 10.4 percent. On the private sector side, where they have used managed care and competitive forces and created markets, it has been running 1.1 percent.

Mrs. SEASTRAND. Innovative ideas.

Mr. GUTKNECHT. We have seen inflation rates running 1.1 percent. It does not take a Fulbright scholar or a genius to figure out why can we not steal some of those ideas that are working so well in the private sector to control cost, and still provide people with the health care they need and want. Why can we not steal those ideas

and apply them to Medicare and Medicaid?

We have been joined by our colleague, the gentleman from Georgia [Mr. KINGSTON]. I wonder if he would like to join us in this colloquy.

Mr. KINGSTON. I would love to. I think that I am touching bases on what the gentleman is saying. When we are increasing the spending per recipient from \$4,800 to \$6,700, we are clearly not cutting. But what we are doing is ending "politics as usual."

I am honored to be on the floor with the two freshmen Members, who have so much energy and vibrance and have brought so much reform to this body. But the one message of the freshman class has been this is not politics as usual. They are going to be realistic and they will address the trustees' report by the Clinton administration that says Medicare is going to be bankrupt in seven years.

In doing this, the freshman class, along with the leadership, has worked for a long-term practical solution, a solution that offers choice of physicians, that offers simplified language.

I heard you speaking earlier about grandpa and so forth. I used to sell commercial insurance. I can say that one of the biggest problems people have with insurance, Medicare and so forth, is they cannot understand that stuff. To move towards simplified language and a clear choice of doctors, to move towards the clear choice of the different plans, if we want to get into a health maintenance organization, if we want to keep traditional Medicare, if we want to keep an insured private sector type plan, to have those options, I believe, is what our seniors want. But the long-term solution, to put Medicare on a solid basis once again, is the key to guaranteeing that it will survive.

Mrs. SEASTRAND. Mr. Speaker, it is interesting. If we do not reform Medicare, payroll taxes will have to be doubled by the year 2020 to avoid bankruptcy. I know on the central coast of California, basically our economic basis is built on small businesses. This will just be devastating to them. They are having troubles now with regulations, taxes and such, and if we follow what that editorial said in my local paper of "just raise taxes," this is going to be a burden on our small businessmen and such.

It is interesting that we have talked earlier about misinformation out there, what is in the headlines and newspapers, the ads, and so on. It was interesting because, especially last week, there was a real attempt nationwide to have advertising on television. I know many of my colleagues call it MediScare.

Here we are, we are talking about our plan, we have options for people, choices. We are going to increase the dollars for spending over the next seven years and we are offering the choices, as I said, and we will talk more about that later, about the kind

of options they are going to have, yet it was interesting to see the campaign.

What was interesting to me was to see that many of these organizations that were paying for the "attack ads," as I call them, to scare our seniors, they were paid with our own Federal tax dollars. Groups that file their IRS forms, and we find out that they receive grants from the Federal Government. Taxpayers out there, those small businessmen and women I talked about, that if we do not reform Medicare, here they are through the back door giving these organizations dollars to go in a back door with advertising condemning a program and using MediScare. They are saying that seniors will not have choices. They said we are cutting Medicare.

So I think, again, as a freshman who wants to do something about it, people are tired of this, and once we get beyond the scaring, and talking to people and educating them as to what our plan is, people will be with us, our seniors and such.

Mr. KINGSTON. If the gentlewoman would yield, one of the things that the Medicare reform plan does do is crack down on fraud and abuse, seriously attacking it, even to the extent that would allow seniors to have a financial incentive for reporting fraud and abuse.

What I hear at my town meetings, and I am sure others have as well, is that people are going to the hospital for one thing and then getting bills for services that they never even came close to receiving. Frequently it is picked up by an auditor, but often people say, "Don't worry about it. Medicare is paying for it." Yet that is right out of your pocket.

The gentlewoman had mentioned some of these taxpayer-funded groups fighting Medicare reform, fighting for the status quo, fighting for a program that will go bankrupt in 7 years. I believe that is an example of the waste and abuse of our system. If they are going to use their money, their Federal grant money for political purposes, and, as you know, there are 40,000 organizations that receive over \$39 billion a year in grants and funding from the Federal Government without even opening their books, if they are going to do that, then they should, I think, certainly participate in it by opening up their books for public inspection, because they are wasting it.

Ms. PELOSI. If the gentlewoman would yield, just on that point, because obviously we have differing views on your version of the story in terms of Medicare. Is the gentleman stating that there are people out there using taxpayer dollars that they receive from grants for purposes other than what those grants were designated for?

Mr. KINGSTON. Well, I believe the gentlewoman knows the situation of one group.

Ms. PELOSI. I know that that is against the law.

Mr. KINGSTON. Mr. Speaker, there is one group that received 97 percent of

its budget from Federal taxpayers and spent \$405,000 financing candidates for Congress.

Ms. PELOSI. Mr. Speaker, Is the gentleman saying they are using taxpayer dollars to do that?

Mr. KINGSTON. Ninety-seven percent.

Ms. PELOSI. No, no, are you saying they used taxpayer dollars to do that?

Mr. KINGSTON. Ninety-seven percent of their budget comes from the taxpayer, and they turned around and spent \$405,000 on PAC contributions to political candidates. So I would say that if it was the case that not just the letter but the spirit of the law of not using tax dollars for political purposes, if that law was being followed, then we would not have that problem. What I would also wonder is that since it is already illegal for groups to use tax dollars for political purposes, I am confused why we do not have bipartisan support for the Istook amendment.

Mr. GUTKNECHT. Mr. Speaker, I want to join in on this particular discussion. We do not know, as a matter of fact, whether or not any Federal laws have been violated and I would give the administration the benefit of the doubt. But if in fact, the facts that we do know to be true, that they did in fact give over \$400,000 to political candidates, if in fact their tax returns were correct, which we have now seen and they have received over 96 percent of their funding from Federal taxpayers, then in fact I think, yes, they probably were in violation of Federal law. They should be investigated. There ought to be some prosecution of those people.

That is the kind of thing that either the law is not clear enough, which is why the Istook amendment is here to try to clarify that, or the enforcement is lax. But, clearly, what the taxpayers do not want to have to do is to watch groups receiving large amounts of Federal tax money turning around and using that money either to directly lobby the United States Congress or to otherwise try to affect events, buying advertising to affect what is happening in the public arena. All we do know is that they received a huge amount of Federal money and they are in fact actively out there lobbying, and they have actually set up a PAC and contributed over \$400,000 to Congressional candidates.

Ms. PELOSI. Mr. Speaker, the gentleman from Georgia knows I regard him as a gentleman, and just hearing him say that these people may be in violation of the law because they receive X amount of dollars and they give out X amount of dollars, I think we want the Record to be clear that he is not saying that they are in violation of the law, because we all know that anyone who gets grant money from the Federal Government cannot use one penny of that money for lobbying the Federal Government or for any PAC contributions.

If the gentleman is saying that anyone who gets a grant from the Federal

Government should not use other money to lobby the government or other money to make PAC contributions, then the gentleman would hopefully apply that to defense contractors and others who receive huge amounts of money from the Federal Government.

Mr. KINGSTON. As the gentlewoman from California knows, as a distinguished and a very good member of the Committee on Appropriations knows, so often as members of that committee we get lobbied by people who have, in fact, come to Washington for the purpose of lobbying for more money and, quite often, on taxpayer dollars in the name of a conference.

So I would say that there is plenty of murky water in there as we try to verify this. Perhaps some of the wording in the Istook amendment is not perfect. However, certainly what the Istook amendment is trying to accomplish is something that we all need to deal with as we get lobbied, particularly members of the Committee on Appropriations, by governmental and quasi-governmental groups.

I also wanted to point out to the gentlewoman, I have offered an amendment that exempts what I hope would be small-fry groups; for example, historical associations, small art museums, symphony groups and theater groups, who spend actually less than \$25,000 a year on government-related lobbying or information campaigns, as the case may be, however you want to call it, because I need the input from my homeless shelter and I need the input from my historical association, and so forth. But I know that their members do not want to think of them spending over \$25,000 a year on Washington quasi-lobbying conferences and that sort of thing.

I believe the amendment that I have offered in the Subcommittee on Treasury-Postal Subcommittee on Treasury-Postal conference committee is a step to help strengthen that, and I hope because of that we can get some bipartisan support.

Mrs. SEASTRAND. Mr. Speaker, I think this is an issue that will be discussed more and more on the floor of this House, and it is interesting, I have here a report of some six or seven organizations that receive nearly \$80 million in Federal funding between July 1993 and June 1994. The question is are they using this for their operating expenses or are they using it for lobbying.

I understand what the gentlewoman from California is saying, but I will tell my colleagues, the taxpayers that are in my central coast of California look at this, scratch their head and say what is wrong here, because it is coming out of a pocket and whether it is used and legal or not, they want to see this type of thing stopped. When they see an organization getting 96 percent of their entire budget from the Federal Government and still turning around

and lobbying against reforms, and so on, they are asking questions.

Mr. Speaker, the gentleman from Minnesota had a few comments to make.

Mr. GUTKNECHT. I want to get back and talk about Medicare, but in terms of this one particular organization it is hard, I think, it is a long stretch of the imagination to say that an organization can receive less than 4 percent of its gross revenues from nongovernment sources and not be almost an arm of the Federal Government.

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And then to be actively involved in the activities that at least we believe and have been alleged that they have been involved with, I think raises serious questions. As I say, I am willing to give the Attorney General the benefit of the doubt. I assume that they are investigating. We believe that they should investigate.

I agree with you, if that is true, it is illegal and it should be stopped. But it clearly is not clear in terms of the law today, and we want to see it stopped. I think all Americans want to see it stopped, because I think it is a heresy to think that taxpayers' dollars can be used to lobby for more taxpayers' dollars. And particularly when some of the ideas that are being brought forward are at least in the view of many of us far from honest. They are not bound by the facts, at least as we see them and as most people would see them.

Mrs. SEASTRAND. That is where I was coming from, the idea of talking about trying to educate our American people about our plan, and then we see these ads in and attacks on radio, television and such. and we kind of got sidetracked over there.

I think, overall, as I said, as being freshman reformers, we want to come here and see that it is not business as usual. We want to roll up our sleeves. We want to fix it. We want to fix the problems. And these ads do not help in a dialog when you are actually saying that we are cutting Medicare, there are not going to be choices, that we are going to do all these horrendous things. As I was saying before, once our people understand what the program is, it is interesting, you have mentioned your town hall meetings, where people come in and talk about the fraud, waste, and abuse. I do not know if you gentlemen have experienced this, but some will bring their bill from the hospital, and it is like a phone book. They will actually sit down or hold it up and show all the things that were wrong, the \$2,500 that was charged for something that was just an obscene charge.

Our seniors are very concerned about this. But again, once we sit down and talk at our town hall meetings, present the case to them, they say, your plan is honest. It is responsible. It is a long-term solution. It is just not a Band-Aid approach.

Mr. KINGSTON. Mr. Speaker, on the description and the adjectives, I have

here a September 15 editorial from the Washington Post which, if anything, is not exactly a fan of the Republican Party and the leadership. Yet they are saying in here that Republicans have a plan. It is credible. It is inventive. It addresses a genuine problem that is going to get worse. And this is a pretty good editorial, particularly coming from a group that is traditionally very critical of anything that the majority party has done.

Again, getting back to what you are saying, your freshman class has led the way, clear thinking, responsibility, making things accountable, cracking down on fraud, maintaining choice of position, simplified language. That is why groups like the Washington Post, who even if it was begrudgingly, will say, Republicans have a credible plan and they are addressing a genuine problem.

Mrs. SEASTRAND. I have additional editorials here, on and on, the Washington Post, Columbus Dispatch, the Atlanta Journal Constitution, all of these are in September, the Providence Journal Bulletin, the Cincinnati Enquirer, the Star Tribune, the Dallas Morning News, Seattle Times, on and on, same type of situation, saying that this is a plan that is worthy to be looked at. It is sensible, responsible. And I am encouraged by reading these editorials, because sometimes, again, when you get caught up with seeing those 30-second type commercials on television, things get lost. But we have to stand here and remind ourselves that we are being cited in editorials across this Nation that our plan is worthy of being looked at.

Mr. GUTKNECHT. If I could interject, I think facts are our friends. I think the more people get to know the facts, and the editorial boards around the country, and you recited some of them, most of them are not exactly Republican propaganda organs, but the more they have had a chance to look at the plan, the more they like it.

One of the arguments we hear from some of the folks is that seniors are going to be forced into managed care, as if that is a terrible thing, and that managed care is like the devil you do not know.

First of all, I think we need to make it very clear, no one is going to be forced into any program. And you mentioned your mother. I think that a lot of, particularly the more fragile senior citizens, I think they are going to stay right where they are.

Mrs. SEASTRAND. My mom is going to stay right where she is, in a traditional Medicare situation.

Mr. GUTKNECHT. I think they ought to have that choice, and they ought to be able to stay right where they are. I think more seniors ought to have the options that are available now in the private sector.

Let me talk a little bit about a study that came out this weekend, funded by the Minnesota State Legislature and done by the Minnesota Health Data In-

stitute. In that study, they interviewed over 17,000, to be exact, they interviewed 17,591 Minnesotans. This is the largest study of its kind ever done. And what they really wanted to find out is how satisfied the people of the State of Minnesota are with their various health plans.

We in Minnesota have probably a larger penetration of managed care programs of various colors, and there is a wide variety of different programs that are available in the State of Minnesota, but I think it is interesting to note, the HMO's and the managed care programs have not penetrated the Medicare population as well as they would like to because of some of the regulations that the Health Care Finance Agency puts on it.

But in the study, obviously this print is too small to be read on the television screen, but I do want to talk about one particular chart, because I think it is very instructive. The argument that seniors despise managed care, at least in the State of Minnesota, is simply not true. In fact, they asked all Medicare recipients whether or not they were satisfied with the health care that they are getting. And when you asked just all Medicare recipients, about 77 percent are very or extremely satisfied; 17 percent are somewhat satisfied; but about 6 percent are dissatisfied.

Now, when you take the group who are members of various managed care programs and ask them the same question, their overall satisfaction, what you find is about 88 percent of them are very or extremely satisfied; only 11 percent are somewhat satisfied; and 1 percent on the largest plan that is available in the State of Minnesota, only 1 percent are dissatisfied or extremely dissatisfied.

The point here is that the level of satisfaction among members who are participating in managed care programs in the State of Minnesota, and it goes down for all the various managed care programs, people are actually more satisfied with the care they are getting in managed care programs than they are with regular fee-for-service Medicare. The system does work. And if we allowed more of these programs to develop and evolve in a more competitive market-oriented system, I think seniors are going to get better care. And they are going to be more satisfied with the system that they will have than under the system that they have today.

Mr. KINGSTON. I think the point of the gentleman is that this is but an option. It is an option that is good. It is not an option to be scared of. But if you do not want it, you can have traditional Medicare. If you do not want it, you can have a Medicare account. If you do not want it, you can have traditional insurance. Medicare has been described as a 1964 Blue Cross-Blue Shield plan. Do you want your mama driving a 1964 Chevrolet Biscayne? We had one when I was a kid.

Mrs. SEASTRAND. Maybe that is something we should look at.

Mr. KINGSTON. I wanted my mama to get all the advantage of the 1990's and the technology that is out there in medicine, transportation, and safety. And this Medisave account, they actually have one like this in Singapore. It has led to lowering the cost of health care yet at the same time increasing the quality and keeps choice of physicians.

Mrs. SEASTRAND. I am glad that you mentioned that. Our seniors have an option, because at home just this last weekend, I visited a rehabilitation institute. And they are very concerned because of the fact that the particular HMO's that they are dealing with are not sending patients to the institute for really serious rehabilitation care. And so I can understand their concerns.

But I made the point, in this plan, our plan, if you are not happy about what you are in, an HMO or such, you will be able to opt out and then choose another plan. And I also would agree with the gentleman from Minnesota, once this is up, the free enterprise system, the competitive spirit, we are going to see innovative programs. We are going to see different—I look at it as a menu, not only that one car for everybody, as you were commenting about, that 1964 car, or one particular dinner, we are going to open up a menu. We are going to see all different kinds of things that we can choose from.

Mr. KINGSTON. It will be in simplified, easy to understand terms so that you do not have to be an accountant. You do not have to be a lawyer. You do not have to be an insurance agent to understand it. You do not have to have it explained to you.

Mrs. SEASTRAND. Very simplified. And if I understand, my mom will receive her information and she will be able to choose and check off where she would like to go, into what kind of a plan. And if she does not, for whatever reason, she forgets to check the box of what she wants to choose, then she will be put into the traditional Medicare Program. So I think this is, as I said, the more our seniors and our American people hear about our plan, they are going to get excited about it like I am, too.

Mr. GUTKNECHT. I would like to tell a story that happened in one of my town meetings where a truck driver got up. He said, I am going to retire here in a couple years and, as I understand it, he said, as soon as I retire, I am going to have to leave the insurance plan that I have right now. And he had heard some of the numbers. And he said, I think actually my insurance plan, which I am very satisfied with, is cheaper than what I hear the average cost of Medicare. Why is it that I cannot just stay where I am? And I said, that is a very good question.

And so one of the things we are going to try and do is make it possible for

people, when they retire, to stay right where they are. If they are with the firefighters, perhaps stay with the firefighters health care plan. I they are a teacher, they can stay in the teachers' plan. But the key to all of this is to create markets and competition, because I think the real answer long term to controlling cost is to use the marketplace.

I carry with me a little chip that is actually developed and manufactured in my district. Depending on which electronics company you are talking to, we believe that this is the most powerful desktop chip ever built. It is the power PCAS IBM AS-400 64-byte risk. This will do essentially the same work that a computer which would have weighed something like 2,000 pounds would have done about 12 years ago.

Now this will do that same work in, it is like taking the difference between a 2,000-pound computer that you would carry on your back and now all that computing capacity will be in a wrist-watch. And the interesting thing is the cost has come down geometrically. Part of the reason that that has happened is because market forces and competition have forced the free enterprise system to find smarter, better, and cheaper ways to produce these.

This is what is happening in the private sector everyday, whether we are talking about automobiles, encyclopedias, or computers. Obviously, electronics is perhaps the most exaggerated example of that, but that is what is happening.

What we have got to do is figure out ways to help create markets to create competition, so that if your mother or my parents are not particularly satisfied with the plan that they have now, they ought to have the option to shop around a little bit. It ought to be simple and easy to understand English so that they understand what they are getting from that particular program.

Mrs. SEASTRAND. This has not been done in the last 30 years. They were all forced to go into one situation. Some of our seniors are healthier, and they do not need certain situations as other seniors do. In our plan, we are going to give them so many choices so that they can choose.

For instance, my mom will probably stay in the traditional Medicare. But if there are some seniors that are just entering the plan, like our SAM JOHNSON, who just turned 65 today, and they are healthy, probably the medical savings account would be their best option.

Mr. KINGSTON. Or the congressional plan, opening up a Federal employee type benefit plan for seniors. If it is good enough for the U.S. Congress, it is good enough for my mama.

I want to comment on this computer chip, because I think it is interesting that you bring out that high technology, because that was done by the private sector. If the government was in charge of the development of that computer chip, we would still be on the vacuum tube.

Mrs. SEASTRAND. We are, too.

Mr. KINGSTON. In fact, the Federal government is the largest purchaser of vacuum tubes, I believe, in the world. And no one in America has a TV or radio anymore, unless they have it for novelty purposes, run by vacuum tubes.

Mr. GUTKNECHT. When we fly home every weekend, for those of us who fly a lot it is a scary thought, maybe I should not warn Americans about this, but the air traffic control system relies heavily on vacuum tube technology. We are the largest buyer of vacuum tubes in the world. We have to buy them from Czechoslovakia. They are no longer made here in the United States. They are no longer made in North America. But we are the largest buyer.

The rest of the world, the free enterprise system is using this. And this is the equivalent of, I think, something like 9 million, this little chip does the work of 9 million vacuum tubes. That is what is happening in the private sector. The vacuum tube is what is happening in the public sector.

Mr. KINGSTON. There is no reason, in getting back to my days as a commercial insurance agent, I can say this, there is no reason that insurance products as an intangible item cannot advance the way a tangible computer chip does.

When I sold workers compensation, product liability, fire insurance, I can tell you just in the 10 or 12 years I was in the business, the policies changed tremendously and in most cases got more competitive and at a lower price brought a better product to the consumer. That is what we need to do with Medicare so that our seniors, and the gentlewoman from California mentioned about the senior population increasing, I believe the population sector that is increasing the most in society right now is the individuals over 87 years old.

□ 2015

We need to have the innovations, the technology and the know-how to keep up with them, so that we can continue offering some of the great things that the private sector can do and not have this stifling bureaucracy that cuts off innovation and deprives the consumer.

Mrs. SEASTRAND. You had mentioned about fraud, waste and abuse. I think there was one thing that I heard in those town hall meetings, the concerns of the seniors, was the fact that they recognize fraud, waste, and abuse when they are looking at that bill from the hospital or such. They are concerned.

I am pleased that our plan is going to give the chance for our seniors to review their bills, and we are going to try and simplify the billing process so they can. As you mentioned, they do not need a S&P or an attorney to interpret their bills, and if they find \$1,000 or in excess of \$1,000 in fraud, we are going to give an incentive to them.

I think this is the way to go. If there is anything that I know about our seniors is they are very thrifty. They are concerned about their bills. They do not want to waste dollars and, I might add, they also have the time to look over those bills. So we are going to give them the tools to be of assistance to us so we can save money.

Right now the experts tell us we are spending almost \$44 billion alone a year regarding fraud, waste and abuse. Those are a lot of seniors that we can be of assistance to if we were not spending those dollars in this area. I am pleased to know our plan is going to be of assistance to our seniors to help look for this fraud.

Mr. GUTKNECHT. I think any of us who have had town meetings, at virtually all of them we have heard examples. I remember one example, I believe in Lake City, MN, where a senior stood up and said she had been billed \$232 for a toothbrush.

I think that is repeated so often and, as the gentleman from Georgia [Mr. KINGSTON] said, many times these are caught but many times they are not. I think sometimes there is an attitude with some people that it is not our money.

I think part of this whole thing using medical savings accounts and encouraging seniors to review their bills, I think is a way of saying we all have to take responsibility. Because I think one of the analogies I like about this, or even the national debt and the deficit and all the other problems we have in the national budget, is we are all in the same boat and you cannot sink half a boat.

I think we all know now and I think everyone has now finally come to the conclusion that the Medicare boat especially is heading for the rocks. What we are saying is we have to drastically change course. If we stay on, keep doing what we have been doing, the boat is going to hit the rocks and we are all going to go down together. It is going to hurt seniors, us, our children. It is going to hurt everybody.

We do not have to make drastic changes to the system but we do have to change course. We cannot keep doing what we have been doing. My grandmother says it best. She says if you always do what you have always done, you will always get what you have always got.

We need to begin making some of those changes, again taking the best ideas from the private sector, giving seniors choices, making markets, helping to create markets so that we have competitive forces out there. I am actually convinced that we are going to save a lot more than we think. As I understand it, the CBO is now scoring our legislation, saying they are only estimating that about 25 percent of seniors will get involved in some of these various new options we are talking about with managed care, medical savings accounts, and the like.

My sense is long-term you will see much larger percentages than that, and

I think you will see those inflation rates dropping precipitously so that we will save the system. We will simplify it, make it easier for consumers and for seniors, and we can save the system not only for the seniors who are there today but for the baby boomers when we start to retire in 2011.

Mr. KINGSTON. If the gentleman will yield, there is one thing that always goes on in Washington, and we all admit it goes on on the left, it goes on on the right, and that is special interest groups that surround Members of Congress by telling folks back home:

The sky is falling. The only way you can prevent it is by sending me a \$25 check and writing this postcard to your Member of Congress telling him or her what to do.

It is all this fear.

One of the things that the other side of the aisle is employing is the tax cut for the rich to pay for Medicare. Let us talk about the tax cut a minute.

First of all, statistically when you put more money in the pocket of the American consumers, they buy more goods and services, jobs expand, more people are working, revenues to the Treasury actually go up. Under Ronald Reagan, for example, from 1980 to 1990 revenues after his tax cut went from \$500 billion to \$1 trillion. Unfortunately, spending on a bipartisan basis outpaced revenues. However, there was truly a lesson. The same thing was done under Kennedy.

Let us look at this so-called tax increase: \$500 per child tax credit, and taking care of your mother in your house or your father in your house. If I have a senior citizen who is a dependent living in my house, I get a tax credit for it.

You do not hear the Democrats talking about this senior citizens' earnings limitation, so that if they are 65 and they want to continue to work, they will not be penalized up to \$30,000 on their Social Security by working. Senior citizens want to continue working after 65. We are trying to give them the option of it.

Increasing the estate tax from \$600,000 to \$750,000 so that seniors, should they choose, can continue to save their money and pass it on to their children if they want to.

And then the capital gains tax cuts. In my district, and I am sure every other district in America, you have growth areas. Very typically you have a widow who has lived in the house for 30 years and suddenly that property, not suddenly but over the 30-year period of time, is worth a lot of money. She wants to sell it. She may need to sell it for long-term health care, for a retirement home, for a medical emergency, or whatever, and yet if she does, she is going to be clobbered at a 28-percent tax rate for the value of that up to her income bracket.

What is wrong with cutting that in half for the senior citizen? Yet we just hear all this fearmongering that the Rockefellers are going to benefit from it. That is not the case. Seventy-five

percent of the money goes to people with a combined income of \$75,000 or less, and our senior citizens will benefit tremendously from it.

Mrs. SEASTRAND. I think if the gentleman from Georgia would come to the central coast of California, we have fairs, quite a few fairs throughout the district and they are all the time, as I am sure you do in Georgia, talking to the men and women, moms and dads, coming up, talking about the fact that something has to be done, I can't continue in my small business, very concerned, they are looking for some relief. They are excited about the prospect of a capital gains tax reduction. Seniors are excited when we talk about I want to have you keep more of your dollars in your pocket. I want to reduce that tax hike that you got hit with recently.

The idea of moms and dads when they come to the fair, let me tell you, they do bring the children and they are excited about the prospect of the \$500 tax credit. Also I am a mom, I have two adopted children so I know how important it is also to give that tax credit to the children that are waiting to be adopted and moms and dads wanting to do the right thing and to add to their family. These are not for, as you said, the rich people. We are talking about middle class and our low-income people throughout America. This is what it is—I want to give and I know you gentlemen want to give dollars back so that they can control their own destinies.

Mr. KINGSTON. We just do now want to take it in the first place. It is the people's money. That is what really gets me about the arrogance on the other side when they say you are giving money to them. It ain't our money, for crying out loud. We are talking about the people of America. We are talking about their money. We are just not going to confiscate as much as we have been confiscating. If you do not think it is confiscation, don't pay your taxes one time and find out about it. That is the absolute truth.

I was speaking last week to the drivers of UPS in my district. A guy said to me:

Listen, I make good money as a truck driver for UPS. I don't make a lot of money but it is a good living. I've got 3 kids. My wife works. We work typically 50 hours a week or more each. Yet at the end of the month, we have got absolutely zero because our money is going to taxes.

As you know statistically, that two-income middle-class family is paying 40.5 percent of their income in taxes. The same family in the 1950's as a percentage of that income only 2 percent went to the Federal Government. Today that family is paying 24 percent to the Federal Government. We are killing the American middle class with taxes and they are sick and tired of it and it is their doggone money. We are not giving it back to them.

Mrs. SEASTRAND. Even if the budgets were balanced and we did not have

that problem of looking at how we are going to handle that situation, even if it were balanced, Medicare would still have to be saved from bankruptcy. I think that is an important point. The tax relief has nothing to do with this issue. We need to save the program because it is the way the system is made up. It is failing. It needs help. We have to breathe life into it.

Again that is why I am excited about our medical savings accounts and all of the other options we are going to give. It is good news that our bill passed out of the Committee on Ways and Means today.

Mr. GUTKNECHT. And the tax relief, if I could just say and the gentleman from Georgia [Mr. KINGSTON] has said it so well. Whose money is it? It is not Washington's money. We did not earn it. They earned it. They work hard every day. We are saying you ought to be able to keep a little of it.

The second and more important point is who can spend it more efficiently. Are there any people in America who really believe—in fact, let us play a little mental game with this. Let us envision that you won a big lottery and all of a sudden you became a very wealthy person and you wanted to help humanity.

What is the first thing you would do? I do not think the first thing that you would do is give the money to the Federal Government. Because I do not care what your circumstances, I do not think anybody really believes the most efficient way to distribute funds or the most efficient way to buy things is through the Federal Government. We know what the most efficient unit is. It is called the family. That is why that family tax credit is so important. Those families know how to spend that money efficiently. They will get real value for the money and they will plow it back into the economy and frankly I think long-term we will see overall revenues to the Federal Government go up because of the increased activity.

The second point that needs to be made, and this is where some of our friends on the left get so upset. It is about this capital gains tax cut really which I think is so important. Really what we want to do is stimulate economic growth in this country so we have more jobs and more opportunity. It is about converting this society from a welfare state to an opportunity society. This is what we promised last November. We were serious about it. We want to change that. But even capital gains where I think we have to say, it may well be that some wealthy people will take more advantage of that tax break than other people. This is true. But let me give a very important fact. Again I think facts are our friends. Forty-four percent of the people who pay a capital gains tax in the United States are wealthy for one day. The day they sell their businesses, the day they sell their farm, the day they sell some other investment which in many cases they have been paying taxes on

for a long period of time. Again whose money is it? The Federal Government did not help create that wealth. The Federal Government did not help create that wealth. The Federal Government is not really helping to create those jobs that usually go with those capital gains.

I think what we need to do, we promised we would give tax relief and unlike some of the other people who have been elected, the old politics as usual, we made a promise last November that we were going to lower taxes on families and we were going to make it easier for people to invest and save. We were serious then, we are serious now and we are going to come through with that tax relief.

You are right, it has absolutely nothing to do with saving Medicare. The Medicare fund would be going bankrupt whether we gave tax relief to American families and encouraged jobs and investment or whether we did not.

Let me just finally say about the tax cut, all we are really doing is giving back a little bit of what was taken away in the big tax increase a few years ago. This is just starting to give back to the people what they had before the big tax increase. I think it is a great idea, it is long overdue, I think once the American people begin to understand the facts there will be overwhelming support for this.

Mr. KINGSTON. If the gentleman will yield, after the outside-the-beltway tax increase, the Bush-Democrat party deal, the economy slumped. Revenues did not increase, because the prosperity was not there. Yet under the Reagan cut, prosperity increased, revenues increased. There comes a point where the American public has had all the fun they can stand and they are not going to continue working this hard. The UPS driver that I was talking about, why would he want to continue working 50 hours a week when he knows the marginal increase is almost zip?

Mrs. SEASTRAND. If he can keep his dollars, he is going to do additional things. He is going to buy that home, he is going to maybe buy a new truck to get the family around. People do not put their dollars necessarily in a mattress anymore. They are going to do something with those dollars. They are going to buy it, invest it in a business or a home or hopefully they are a small business and they will hire someone additionally and give that young person a job.

□ 2030

So this is all important too, and I think the most important thing is that we made promises in the fall of 1994, many of us as reform-minded freshmen who have come here because of promises we made. It is my intention to keep that promise. It is exciting times here this fall in 1995 because there is a lot to do, and we are going to not only save Medicare but we are going to help to give tax relief to the American people.

Mr. GUTKNECHT. One last point about tax relief. This is something not well understood, and sometimes it gets lost in the whole discussion: The tax cuts we are talking about have been paid for. I mean, we have made, by the time we finish with reconciliation, with the rescission bill which we passed earlier in the session and the appropriations bills which are working their way through the House now, we will have cut over \$44 billion in discretionary domestic spending. We paid for the tax cuts irrespective of what we are doing with Medicare or anything else in the budget. We are paying for the tax cut by cutting Federal spending. That is critically important because I think that is what many of the money markets are out there looking towards, and that is why we are going to get greater economic growth, and that is why we are going to get lower inflation, lower interest rates down the road if we follow through with this plan.

Mr. KINGSTON. What the gentleman is saying, instead of taking the money from the people, the American middle class, you are going to take it from the Washington bureaucrats, which is exactly the platform that the two of you and the other Members of the freshman class campaigned on. When I go back home and talk to my civic clubs and describe the freshman class, I say for the first time in my political life normal people create the majority of the folks in there.

I believe, as your freshman class has got a reputation, you are not running for Senate, you are not running for President, you are not running to be committee chairmen up here in 20 years. You just want to balance the budget and go home and make a better America, and I think that that is the difference, and this is your approach on Medicare. You are being reasonable. You are being sensible. You are moving to simplify it. You are moving to protect it. You are moving to save it. You are moving to strengthen it. That is what the American people want.

I am glad to be part of your team. Even though I am in the sophomore class, I do think our philosophies are exactly alike, and I am proud to be with you, and I appreciate being in this special order tonight.

Mrs. SEASTRAND. I guess we started off talking about so many things that we have to talk to our seniors and Americans across this Nation, to talk about our Medicare Preservation Act and how difficult it is because so often the headlines are the 30-second ads, which always use the key words, "rich," "cut," and so on, and scare people. I am proud to say we are moving forward with a plan. We are going to save, protect and strengthen Medicare. It is going to be there for my mom, who is 83. It is going to be there for me and future generations.

We are going to try, as I said before, to get the message out across this land that this is what we are doing.

Mr. GUTKNECHT. We have got to close here. I just want to say it has been my pleasure to participate in this special order. I do believe, as John Adams said, facts are stubborn things. I do think more of the American people, the more they get to know the facts, whether we are talking about welfare reform, tax relief for families, saving Medicare, I think the American people will understand. I think they do understand that this is what they sent us here to do. They do not want politics as usual. They want to save Medicare, not just to get through the next election but they want to save Medicare for the next generation.

I think if we are permitted to pursue these reforms we are talking about, if we do not lose hope and faith in the American people, they will not lose faith in us.

I thank you for allowing me to participate, I say to the gentlewoman from California [Mrs. SEASTRAND].

THE IMPACT OF REPUBLICAN PROPOSALS ON MEDICARE AND MEDICAID

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentlewoman from California [Ms. PELOSI] is recognized for 60 minutes as the designee of the minority leader.

Ms. PELOSI. Mr. Speaker, last week the gentleman from California [Mr. LANTOS], the gentlewoman from California [Ms. WOOLSEY], and I held a field hearing in San Francisco on the impact of the extreme Republican proposals to devastate both Medicare and Medicaid, and all this devastation has wrought to pay for a tax break for the rich, yes, a tax break for the rich.

The Republican proposal would cut \$270 billion from Medicare and \$182 billion from Medicaid programs. Over 50 percent of the tax break will go to the highest 6 percent income earners in the country, over 50 percent of the tax break goes to the highest 6 percent of the population.

The hearing was very revealing. We had an extraordinary list of panelists who are respected in their fields who presented their views on the impact of these drastic cuts.

First, we heard from individuals, experts, really, because they can say directly how these cuts would affect them. The first panel was comprised of representatives of working families, mothers and children and seniors. Our first witness was a pioneer in the field of women's health and women's rights, Del Martin. At age 74, Del was a delegate to the White House Conference on Aging and is a respected community leader.

Del said seniors are more than willing to carry their share of the deficit reduction burden.

We are told that Medicare is responsible for only 6 percent of last year's Federal deficit. Why then, why then is Medicare being cut by 35 percent? That is not fair. Con-

sional leaders refused to even consider eliminating tax breaks and loopholes which primarily benefit the wealthy. You do not need a PhD in economics to know there is something drastically wrong in this balancing act.

Del went on to say in her testimony the increase in Medicare costs for her personally projected over the Republican plan would amount to over 27 percent of her income, and this percentage would increase as her income diminishes as time goes by. She said as she grows older, that if this Medicare plan is put into effect, her children may have to help her, and that is why these Medicare and Medicaid cuts, these drastic cuts proposed by the extreme Republican majority are of concern to not only our senior citizens but our middle-aged, middle-income families and children in America.

I think it was Betty Davis who said, Mr. Speaker, growing old is not for sissies. And being elderly in our country and being faced with these cuts in Medicare and Medicaid will have a devastating impact on America's families, because if our parents are not cared for, the delivery of service is not paid for by Medicare and Medicaid, then who is going to pay?

Under the Republican plan, I will tell you who is going to pay. The Republicans will have a call on the income of the working children of those parents from those elderly parents. The Republican plan will say that a woman, a spouse whose husband has gone, say, to a nursing home under Medicaid will not be able to retain even the \$14,000 per year that she is now allowed to save. That money will have to go for her husband's care in the nursing home, and she will be pauperized and not able to stay in the community, and that the Republican plan will allow States to call on the home that that spouse is living in, in order to pay for her husband's care in the nursing home.

So this strikes right to the economic and health security of our senior citizens, but also the economic security of their children as those working married children who are trying to raise their own families will now have more responsibility for the health care bills of their parents.

Another member of the panel was a remarkable young woman, Melica Sadasar, who is director of Family Rights and Dignity, an organization for homeless and low-income families. She spoke to the consequences that changing Medicaid into block grants would have on poor children. She said the decision to block grant Medicaid relegates mothers and children to a caste of disposable human rights. These political decisions simply say that our children, that their lives are not valuable, that their futures are irrelevant. This is political savagery, she had said. This is child abuse masquerading as congressional legislation. "How can we say to an entire generation of children that their country will not protect or invest in them?"

Mr. Speaker, I contend that these changes in Medicare and Medicaid will not lead to balancing the budget or reducing the deficit. Indeed, the best way for us to do that is to invest in human capital, to invest, to intervene earlier if someone is sick or in need of care, rather than waiting until the bill is so much higher.

Finally, on that panel, Mr. Speaker, Bruce Livingston, the executive director of Health Access, spoke, and he talked very movingly about his parents and what the impact would be on their economics and indeed on their dignity and indeed on his financial security. He said that his father was a Vietnam vet and a career U.S. civil servant, had wisely and carefully structured a health plan for himself and his mother prior to his father's death. That included reliance on Medicare and Medicaid.

Now, like many Americans, his mother must rely solely on herself and whatever benefits she still receives from her husband's pension to make ends meet.

Bruce said,

My father worked very hard to provide security for his family. This was the most important thing in his life. When I asked him why he fought in that war, he said, "I wanted to care for my family." My father would turn over in his grave if he thought the security he built for my mother was threatened because of proposals for tax cuts for the wealthy.

Bruce's father and mother made their financial decisions based on the promise that Medicare and Medicaid would be there for them. Bruce said, "My parents kept their promises to the U.S. Government. Now, as their son, I ask you to keep your promise to them."

As I said earlier, Bruce is part of that sandwich generation where he will now have his assets and his income called upon to help pay for his mother's health care costs.

I saw an interesting poster at one of the rallies that said, "My children cannot afford my health care."

What does it do to the dignity of a senior who has worked all of his or her life to provide for his or her retirement to then have to go to their working-age children, middle-income, working-age children who are caring for their own children, and say, "We need to call on your assets to take care of my health care benefits because Medicare and Medicaid are no longer there?" It is interesting to hear our colleagues, to talk about the choices seniors will have.

Oh, yes, they will have a choice. They can stay in Medicare with higher premiums and lower benefits. If they go into one of these other managed plans, I predict, Mr. Speaker, you can call that the Roach Motel plan, because once they go in that plan, they are not going to have any choices. It is in and it is not out, and let me choose another plan because I do not like it in there; so seniors have to be very, very concerned about this Republican proposal.